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Hua-ch'iao Jih-pao.

## FINANCE MINISTER ANNOUNCES TENTATIVE 1950 BUDGET

Minister of Finance Po I-po (Ueda: 13139, 1, 6086) has announced the tentative 1950 budget for the People's Republic of China with an analysis of income and expenditures. Comparative percentages of the gross distribution of the proposed expenditures and income are as follows:

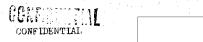
Expenditures	Percentage
Military	38.8
Executive	21.4 .
Investment in state-operated industries	23.0
Cultural, educational and health programs	4.1
Aid to local governments	2.3
Retirement of principal and interest on Northeast	
government bonds	0.1
General	9.4
Income	
Public grain collections	4.1.4
All taxes	38.9
Industrial income	17.1
Liquidation of inventories	2.4
Miscellaneous	0.2

The anticipated income amounts to only 81.3 percent of the proposed expenditures thus leaving a deficit of 18.7 percent to be made up by a bond issue to cover 38.4 percent, and bank overdrafts and currency issues to cover 61.6 percent of the total deficit.

Several items under the head of executive expenditures may properly be counted as military expenditures. Thus, winning the war takes high priority in the budget, but expenditures allotted for military purposes cannot be considered dispreportionate.

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The largest item in the executive section of the budget is for personnel support. Not only must the public workers and teachers of the People's government be supported but also the civil, milicary, and educational workers of the old government. Nine million nonproductive workers, or 2 percent of the total population, must be supported by the government. This is a heavy but unavoidable responsibility of the government. Consequently, expenditures in the budget for military and executive purposes amount to over 60 percent of the total. Even this ellows for only a very low standard of living for those whose standard has long been too low. But we must urge these people to continue to sacrifice so that funds may be allotted to production increase programs. It is hoped that within 2 years a large number of these people may be returned to productive economic activity.

The 23.9 percent of the budget allotted to capital for economic reconstruction in state-operated enterprises will require limits ions on clothing and food for 9 million public servants. It is necessary to save this amount to build up the general economy of the country, which in many places has been reduced to less than half its prewar status.

The 4.1 percent of the budget allotted for culture, education, and health would have to be 6 percent if it included support of the workers in these fields. In view of the continuing war, the 4.1 percent figure cannot be considered small.

In the matter of income, the public-grain collection figure, set at 41.4 percent, represents from 19 to 21 percent of the total national income. In view of the enormous cacrifices made by the agricultural population during the 12 years war of resistance and liberation, it may seem too great. However it is necessary to maintain th's burden for liberation and restoration.

The proportion of budget income to be realized from takes falls heavies; on city dwellers. According to prewar data, the burden could be even heavier but has been held at this figure because many cities have not yet recovered from war conditions. Since a number of items of the industrial taxes are passed on to the consumer, which in the end means the farmers, the responsibility for heavy book purchases is being placed principally upon the industrial taxes and industrial workers.

To make this tentative budget work, the utmost devotion and circumspection will be required of all public servants, both in collection and disbursement of funds. Those in charge of state-operated industries must prevent all waste in operations, asintain strict cost accounting, and keep their discursements strictly within budget requirements.

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